



DISTRESSED AREA APPLICATION FOR LESSOR
FOR SALES AND USE TAX DEFERRAL
82.60 RCW

Name, Address, and Phone Number of Business

Telephone No. ()

Name, Address, and Phone Number of Contact Person

(All correspondence will be directed to this person)

Telephone No. ()

Department of Revenue Tax Reporting Number

- -

Check One:

Lessee's Business is New ☐

Lessee's Business is Expanding ☐

Location of Investment Project

Check One:

Rural County ☐

Community Empowerment Zone ☐

County _____

Address _____
Street Address

City, State and Zip Code

General Instructions

Filing: This application must be mailed or faxed to the Washington State Department of Revenue prior to initiation of construction and/or taking possession of machinery and equipment within Washington State. "Initiation of Construction" is defined for purposes of this deferral program as the date on which excavation of the footprint or other similar work is started.

Eligible Areas: Eligible areas include (1) rural counties with fewer than one hundred persons per square mile and (2) designated community empowerment zones or counties containing such a community empowerment zone. **Note:** **The list of eligible areas is revised annually effective July 1 through June 30.** Businesses making investment decisions should be aware that a specific area may not be on the list every year. For a current county listing please contact the Department of Revenue.

Eligible Investment Projects: Manufacturing or research and development businesses may apply for the deferral if: (1) they are locating in one of the eligible counties or areas, and (2) they will be performing manufacturing or research and development at the site for which the deferral is requested.

Qualified Activity includes manufacturing and research and development. Manufacturing includes computer programming, and activities performed by R&D and commercial testing laboratories.

Qualified Building includes structures and materials, and labor and services, utilized in the course of construction of the eligible investment project (including labor and services rendered in the planning, installation, and construction of the project).

Qualified Machinery and Equipment includes machinery and equipment to be used as an integral and necessary part of the manufacturing or research and development operations.

Employment Requirements: Businesses that locate in a designated community empowerment zone or a county containing such a community empowerment zone must meet additional employment requirements in order to qualify for the deferral.

Use Requirements: All businesses must maintain a qualified manufacturing activity at the site of the investment project for the year in which the investment project is certified operationally complete plus seven additional years.

Waiver of Taxes: If all program requirements have been met, the deferred sales/use tax is waived by the Department of Revenue.

Mail or Fax To:

Department of Revenue
Special Programs Division
PO Box 448
Olympia, WA 98507-0448
FAX: (360) 586-2163

Lessee information

1. Name of Lessee: _____
2. Mailing Address: _____
3. Contact Person: _____
4. Phone Number: _____
5. Department of Revenue Tax Reporting Account Number: _____
- Yes No

6. Do the lessee and lessor have 100% same ownership? ☐ ☐

7. If the answer to question 6 is "Yes", please provide documentation to substantiate the relationship.

8. If the answer to question 6 is "No", has the lessor agreed by written contract to pass the economic benefit of the deferral to the lessee in the form of reduced rent payments? ☐ ☐

(Please attach a completed Lessee's Application, if applicable, and a copy of the lease agreement reflecting the reduction in rents that passes on the benefit.)

Estimated Investment Project Costs

Please include only those costs that will be paid for by the applicant.

9. Structure:

Date construction/expansion to start	_____
Construction of new structure(s)	\$ _____
Leasehold improvements paid for by applicant	\$ _____
Expansion or renovation to expand floor space or production capacity	\$ _____
Construction of cogeneration facility	\$ _____
Total Structure Costs	\$ _____

10. Machinery & Equipment:

Date equipment is to be installed	\$ _____
Purchase Price	\$ _____
Lease Contract Price	\$ _____
Fair market value of previously owned machinery and equipment that is new to the State of Washington	\$ _____
Total Machinery & Equipment Costs	\$ _____

11. Total Costs

\$ _____

12. Estimated Completion Date:

____ / ____ / ____

Business Activity to be Conducted at this Facility

If additional space is needed to answer questions 13 and 14, please attach additional pages.

13. Describe the nature of lessee's manufacturing activity at this facility: _____

14. Describe the nature of lessee's research and development activities at this facility, if applicable: _____

Apportionment of Structure

If the facility is used partly for manufacturing and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction.

15. Percentage of facility devoted to:

Accounting/Payroll	_____ %
Administration	_____ %
Cafeteria	_____ %
Common Areas	_____ %
Conference & Training Rooms	_____ %
Customer Service	_____ %
Manufacturing	_____ %
Plant offices used by direct line supervisors or other managers who oversee the manufacturing process	_____ %
Reception Area	_____ %
Research & Development	_____ %
Sales & Marketing	_____ %
Warehouse	_____ %
Other (please describe)	_____ %

Total	100 %
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16. Percentage of cogeneration energy produced and devoted to internal use, if applicable:

Manufacturing	_____ %
Research & Development	_____ %
Other (please describe)	_____ %

Total	100 %
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Employment Information

17. Lessee's Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year.
(1820 annualized hours worked = 1 FTE):

Lessee's Entire Business: _____

At This Facility: _____

18. Estimated Number of New FTEs as a result of this project: _____

If your investment project is located in a rural county, please skip question 19.

19. If your investment project is located in a community empowerment zone (CEZ) or a county containing a CEZ, the lessee must hire a least one qualified employment position for each \$750,000 of investment on which a deferral is approved. The persons must be hired after the date the application is filed with the department. Each qualified employment position must be filled by persons who at the time of hire are residents of the CEZ. If, by the end of the second calendar year following the year in which the project is certified as operationally complete, the lessee has not hired and retained for twelve calendar months the required number of qualified employment positions, all deferred taxes are immediately due.

Estimated number of qualified full-time positions that will be filled by residents of the CEZ: _____

Name of CEZ: _____

Use of Facility

All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified as operationally complete, plus seven additional years.

Yes No

20. Does the lessee plan to operate this investment project in a qualified manner for 8 years from the time the project is complete? ☐ ☐

21. If the answer to question 20 is "No", how long does the lessee plan to operate this investment project with qualified use? _____

If the manufacturing or research and development activity is not maintained, all or a portion of the deferred taxes outstanding for this investment will be immediately due. The department will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

Audit Records Location

If your application is approved, a deferral certificate will be issued using the estimates from your application. Upon completion of the project, an auditor will verify that you are performing qualified activities at this facility. They will also verify that the approved percentage of your structure and 100% of the machinery and equipment are eligible for the deferral. The auditor may adjust the allowable deferral based on his or her findings.

To minimize inconvenience and the time it takes to complete an audit, please have the following records for the audit period available for your meeting with the auditor:

- Purchase invoices (i.e., accounts payable, receipts)
- Supporting documentation for the construction, such as construction contracts
- Original Sales and Use Tax Deferral Certificate

Although most audits can be completed with the above records, additional documents may be required during the audit.

Please complete the following information about the contact person and audit records location if this information is currently available:

22. Contact person: _____

23. Phone number of contact person: _____

24. Location of audit records

Applicant's Signature

Date

Title

To inquire about the availability of this form in an alternate format for the visually impaired, please call (360) 753-3217. Teletype (TTY) users please call (800) 451-7985. You may also access information on our Internet home page at <http://dor.wa.gov>.